

# Mandatory Reporting Workshop

Potential Updates to the California Regulation for the Mandatory Reporting of Greenhouse Gas Emissions

Wednesday, June 26, 2013

## Rationale for Updates

- Cap-and-Trade Support
  - Clarify reporting requirements
  - Support covered emissions calculations
  - Ensure consistency with Cap-and-Trade data necessary for benchmarking and allowance allocation
- Emissions Reporting Support
  - Update calculation methods
  - Increase verification transparency

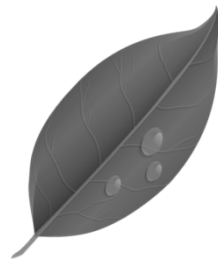
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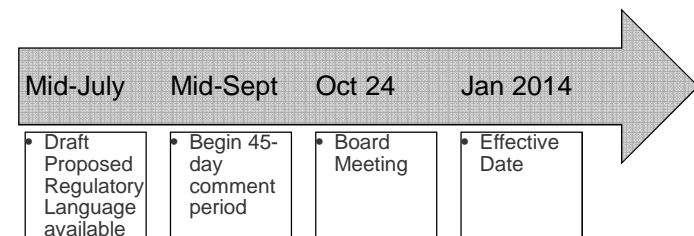
## Overview

- Regulatory Timeline
- Proposed Updates
  - Applicability
  - Electricity Generation
  - Electric Power Entities
  - Industrial Sectors
  - Hydrogen
  - Petroleum and Natural Gas
  - Product Data
  - Fuel Suppliers
  - Verification



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## Regulatory Timeline



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## Applicability

- Change of Ownership
  - New requirements address reporting responsibility for changes in ownership
- Update Applicability Requirements
  - Remove process emission exclusion requirements for industrial sectors identified in section 95101(f)(8)
  - Include hydrogen fuel cell emissions
  - Suppliers of Transportation Fuels
    - Transportation fuel suppliers (§95121) report separately from refineries (§95113)

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## General Reporting Clarifications

- New definition: “common control” references “operational control” definition
- Definition of “emissions data report” clarifies the year of data being reported
- Clarify cessation of reporting and verification requirements related to cap-and-trade
- Facilities with  $\geq 25K$  biomass derived CO<sub>2</sub> emissions
  - Add GHG monitoring plan requirements
- Abbreviated reporters
  - Breakout fuel use by unit type (engineering estimation is acceptable)
- Include records for orifice plate inspection

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## Data to Support CPUC Revenue Allocation

- Add requirement to report a primary electricity account identifier if the facility purchases electricity from: Liberty Utilities (CalPeco), PacifiCorp, PG&E, SCE, SDG&E
- Required for any facility that qualifies for and wishes to receive an allocation of GHG allowance revenue from the CPUC as authorized in D.12-12-033:
  - Cap-and-Trade covered entities (including opt-in entities)
  - A facility in an industry sector listed in Table 8-1 of section 95870.

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## Stationary Combustion

- Add requirement for facilities to note if any natural gas received from supplier was “passed through” to a separate facility

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## Electricity Generating & Cogeneration Units

- Emissions calculation method and emissions reporting requirements
  - Add emissions from producing hydrogen for fuel cells
- More detailed thermal energy break out for cogens that supply cooling or distilled water to an outside customer
- Facility operators with legacy contract and “but for” exemption
  - Add new reporting requirements
- Electricity Generators
  - Add requirement for reporters to separately report the source and destination of the generated electricity and thermal energy, if there are multiple units at the facility

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## Electric Power Entities

- Sale or resale of specified source electricity
  - Clarify requirements
- Asset controlling supplier power
  - Update conditions for claiming asset controlling supplier power
- Full or Partial Ownership
  - Clarify that full or partial ownership is evidenced by a contract for a share or percentage of output or capacity from a facility or unit

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## Electric Power Entities (2)

- Transmission Loss Reporting
  - Required for Specified Source Power Unless Definitive Busbar
    - Clarify all reported Specified Source power must include transmission losses, unless documentation can be provided for busbar power claims
  - Required for ACS Power Unless Definitive Busbar.
    - Clarify all reported asset controlling supplier power must include transmission losses in all instances, unless documentation can be provided for busbar power claims
- CAISO Energy Imbalance Market (EIM) Importers.
  - Add potential new language to definition 95102(a)(140): Electricity Importers also include EIM Entity Scheduling Coordinators serving the EIM market that result in a portion of the export allocation to California as imports.

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## Industrial Sector Changes

- Lead Production
  - Add requirement for lead production facilities to calculate and report process emissions, consistent with U.S EPA requirements
- Lime Manufacturing
  - Modify reporting requirements so lime manufacturing facilities can identify and report facility-generated CO<sub>2</sub> reabsorbed into on-site manufacturing processes

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## Hydrogen Production

- Additional reporting requirements considered for 'added by-product' and 'on-purpose H<sub>2</sub>' production amounts purchased and sold
- Requirement for all fuel and feedstock emissions to be broken out by fuel/feedstock type.
- Add requirements for the carbon and hydrogen content for all feedstocks
- Clarify transferred CO<sub>2</sub> reporting requirements
- Add option to use measured HHV to calculate N<sub>2</sub>O emissions

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## Refinery Product Data

- Covered Product Data – 2013 and 2014 data
  - Subject to material misstatement evaluation
    - Primary Refinery Products and Carbon Weighted Tonne
  - Subject to conformance review
    - Solomon EII Index
- Covered Product Data – 2015 data collected in 2016
  - Primary refinery products will be evaluated for conformance only
    - It will no longer be evaluated for material misstatement
- Carbon Weighted Tonne (CWT)
  - Clarify throughput measurement requirements
- Motor Gasoline Blendstocks
  - Include under the definition of "Primary refinery products"

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## Petroleum and Natural Gas Systems

- Flash Liberation Test
  - Incorporate a crude oil and produced water flash liberation test method developed by ARB staff for reporters to use.
- Onshore Petroleum and Natural Gas Production Facility Definition
  - Modify ownership thresholds for the basin facility footprint
- Leaker Emission Reporting
  - Update leaker emission reporting for onshore petroleum and natural gas production in response to stakeholder concerns

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## Additional Product Data

- Include product data reporting for additional sectors
  - Food Processing: dairy, poultry, breweries, dehydrated flavors, snacks, tomato, wine and spirits, almond and pistachios
  - Pipe and Aluminum Manufacturing
  - Ethanol Production
  - Rare Earth Materials Processing
  - Diatomaceous Earth Materials Processing
  - Forging
  - Lead Recovery and Recycling

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## Transportation Fuel Suppliers

- Transportation Fuel Suppliers
  - Clarify requirements
    - For transportation fuels
    - Marine fuel and aviation fuel are not reported as transportation fuels

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## Natural Gas Fuel Suppliers

- Revisions to aid compliance obligation calculation:
  - Require all Local Distribution Companies (LDCs) to report volume and customer data for all 'redeliveries' to other LDC's and pipelines
  - Reporting Threshold
    - Lower threshold for reporting end-user volume from ~ 25,000 CO<sub>2</sub>e to ~ 10,000 CO<sub>2</sub>e
    - Require ARB ID of end-user facility be reported, if available

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## Natural Gas Fuel Suppliers

- Clarify requirements for intrastate pipeline operators
  - Intrastate pipelines only have to report if there are deliveries directly to end-users
  - Facilities receiving gas from upstream LDCs and transport or "pass-through" a portion of the gas to other nearby facilities are not considered intrastate pipeline operators

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## Verification

- Verifications for programs other than Mandatory Reporting considered low-risk if conflict of interest criteria in section 95133 is followed
  - Allows reporting entity to hire same ARB verifier for other verifications (CAR, etc).
- Verification cessation clarifications
  - Reduce number of verifications after dropping below verification threshold
  - EPEs that report 0 emissions
- Clarify 6-year limit for hiring same verification body is not restarted with change of ownership

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## Verification (2)

- Reasonable Assurance
  - Clarify reasonable assurance of conformance for attachments to the emissions data report
    - For example, cogeneration schematic diagram
  - Clarify verifiers must assess reasonable assurance of conformance to the regulation in addition to verifying the emissions data report
    - Includes review of GHG monitoring plan/inventory documentation
- GHG monitoring plan requirements for suppliers
- Covered product data included in GHG monitoring plan

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## Verification (3)

- Clarifying the requirements for professional liability insurance
- Add process for voluntary withdrawal of verifier accreditation
- Clarify two product data verification statements for refineries (Primary Refinery and CWT)
  - 2013 and 2014 data reporting years

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## Verification (4)

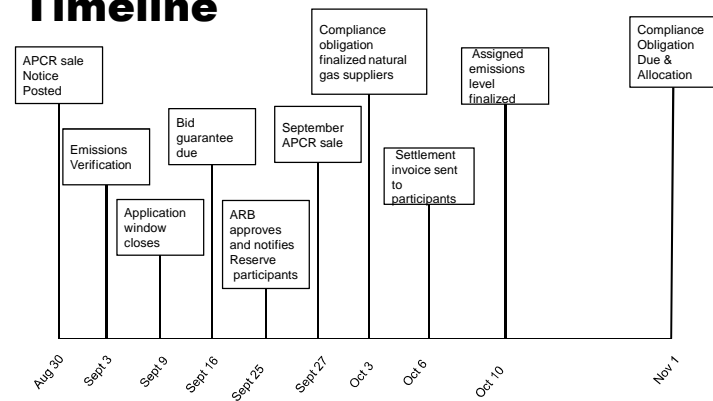
- Product Data Material Misstatement
  - Revise material misstatement assessment section 95131(b)(12) to allow for *omission* of covered product data to permit a qualified positive product verification statement
- Correctable errors that must be corrected
- Process to correct non-emissions data without triggering a “verification set-aside”

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## Cap-and-Trade Compliance Timeline



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## Verification Deadline

- Modify the verification deadlines to support the Cap-and-Trade auction, allocation and compliance schedule
- Proposed new date for verification deadline:  
August 15

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## Earlier Reporting Deadline?

- Is an earlier reporting deadline necessary?

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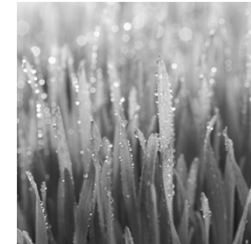
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## Comments

- Please send your comments by July 10, 2013
- [jhowe@arb.ca.gov](mailto:jhowe@arb.ca.gov)
- Next step –  
draft regulatory text  
available mid-July



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**Thank You**



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